

Media Statement
21 July 2010

Public Private Partnerships for schools can provide best of both worlds - public sector leadership and control with private sector expertise in asset management.

The New Zealand Council for Infrastructure Development has welcomed the announcement by Infrastructure Minister Bill English and Minister of Education, Anne Tolley, that Government is taking the next step towards a public-private partnership for building and maintaining some new school property.

"The primary advantage of PPPs for schools is that head teachers, teachers and Boards of Trustees are able to focus their efforts on educational outcomes, letting the private sector take responsibility for finance, construction, operation and maintenance of school facilities, says Stephen Selwood, Chief Executive of NZCID.

"Experience in both the United Kingdom and Australia shows that the partnership approach, when properly implemented, gives rise to better educational outcomes".

While experience in the United Kingdom has been mixed, empirical research does show that improved educational outcomes have resulted from the developed PPP delivery model. A recent 2009 KPMG advisory report *Investment in school facilities and PFI - do they play a role in educational outcomes?* found that, "schools procured through PFI deliver better educational outcomes faster than those procured conventionally... The headline rate of improvement is 20 percent higher in PFI schools".

KPMG found "when comparing only fully rebuilt school facilities, the rate of improvement in PFI schools is 92 percent higher than in conventionally financed schools". Based on this analysis, there is a nine out of ten chance that if two schools, one PFI school and one conventionally financed, are fully rebuilt, the PFI school will improve educational outcomes faster... The sample, while small in the light of volatility in educational attainment, did include every eligible PFI and conventionally financed state secondary school in England".

Similarly in Australia post implementation reviews of new schools undertaken by the New South Wales Treasury have found the public-private partnership model to be an improvement on traditional public sector delivery.

"The New Schools programme in Sydney was able to deliver better value for money as tested against public sector comparator. Schools have been delivered earlier on average than would have been possible had traditional public sector funding been used. This has enabled a faster response to demographic needs in urban growth areas. Schools have been constructed in a shorter timeframe and enabled an earlier opening than would have normally been possible. Private sector has also brought innovation including such things as onsite child care facilities and provision of onsite managers. These initiatives have enabled additional revenue for the schools and released school principals and teachers' time that was previously spent dealing with

facilities maintenance issues", *NSW Treasury, New Schools Privately Financed Project Post Implementation Review*.

"Implemented effectively the PPP model provides the best of both worlds. Government agencies continue to own the asset and oversee and control service standards while allowing the private sector to share the risks improve services and reduce costs through good management and innovation.

"Learning from the experience of others, it makes sense to use the model to improve value for money and achieve better educational outcomes here in New Zealand", Stephen Selwood, NZCID.

For further comment please contact:

Stephen Selwood
Chief Executive

+64 9 271 4445

+64 21 791 209

NZCID Building Nations, 11-12 August 2010, Eden Park, Auckland. For more information about NZCID please visit www.nzcid.org.nz